

Date: August 16, 2013

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

From: David Boyd, Finance Director
Lynette McRae, Purchasing Supervisor

Subject: Resolution Authorizing the City Auction

Executive Summary

The City has accumulated enough surplus property to warrant an auction for disposal purposes. According to North Carolina General Statute 160A-270, the City Council must first adopt a resolution (see attached) authorizing the sale of surplus personal property by public auction to the highest bidder.

All revenue generated from the auction will be returned to the operating fund from which the equipment was originally purchased. The FY 2013-14 budget assumes that surplus sales revenues will be deposited into the respective funds.

Recommendation

The Administration recommends that the City Council adopt a resolution authorizing the City Auction to be held on October 26, 2013 at 10:00 a.m.

Background

The City has accumulated enough surplus property to warrant an auction for disposal purposes. According to North Carolina General Statute 160A-270, the City Council must first adopt a resolution (see attached) authorizing the sale of surplus personal property by public auction to the highest bidder.

Issues/Analysis

Since 1980, the City has chosen to dispose of surplus personal property by public auction. For Cities our size, public auctions tend to be the best method for disposing of surplus personal property.

Alternatives

The City has the following options on how to dispose of the surplus items:

1. The auction could be held using city staff and/or volunteers in the place of a professional auctioneer.
2. All surplus equipment could be sold by sealed bids, private negotiations, upset bids, and exchanges.
3. All surplus equipment could be sold via the Internet, through companies such as E-Bay, GovDeals, etc.

The first option was the standard method that the City handled its auctions through 1979. As the amount of surplus items grew in size and value, it became too much for the staff to handle on its own. Since 1980, the city has used the services of a professional auctioneer to perform the auction on behalf of the City.

The second option is used at various times during the year to sell scrap and specialized items. This method is not recommended because it takes a great deal of staff time to prepare bids, upset bids, and to negotiate.

The third option is becoming a popular technique of disposal with smaller agencies, and this method works well for the disposal of unique and specialized items. This method is not recommended for large sales, as it is very labor intensive. The Administration has used this method several times and will continue to do so for small sales of specialized items.

The Administration recommends continuing using the services of a professional auctioneer.

Financial Impact

All revenue generated from the auction will be returned to the operating fund from which the equipment was originally purchased. The FY 2013-14 budget assumes that surplus sales revenues will be deposited into the respective funds.

SDBE Summary

Not applicable.